

[*Sen. Reid made brief remarks, concluding as follows.*]

I know, it's obvious, we've heard it; our Republican friends oppose our legislation. And that is your right. But also, it becomes your responsibility to propose ideas for making it better. So if you have a better plan for making health insurance more affordable, let's hear it. If you have a better plan for making health insurance companies more accountable, let's face it—let's work on it. If you have a better plan for doing this while cutting the deficit, as our bill did—during the first 10 years, our bill cuts the deficit by \$132 billion; the second 10 years, up to \$1.3 trillion. Those aren't my numbers; they're from Congressional Budget Office.

So we're ready to listen. I so appreciate the President getting us together. I want the Amer-

ican people to know that we need to work together, and I want to do everything that I can as a Senator to work with my colleagues on both sides of the aisle to get this done. We need to do health care reform.

I've spoken with Madam Speaker on many occasions, numerous times, about health care. We spent most of the last year talking about health care. I so admire her tenacity, her legislative brilliance. And I will do everything I can, Mr. President, to get this health care reform over the goal line.

NOTE: The President spoke at 10:06 a.m. in the Garden Room at the Blair House. In his remarks, he referred to Sen. Charles E. Grassley; and Rep. John A. Boehner.

Remarks in a Discussion on Cost Containment at a Bipartisan Meeting on Health Care Reform *February 25, 2010*

The President. Well, thank you very much, Harry. Everybody went a little over time, which is not surprising with a room full of elected officials. I wanted to give people a little bit of a wide berth starting off, but we're going to need to be more disciplined moving forward if we're going to be able to cover every item. And I'll try to set the example here.

I just want to address very quickly, Lamar, the issue of process that you raised at the beginning, and then we'll move on and start talking about the specifics. As I listened to your description of the House-Senate bill, as well as the proposal that I put on our web site, obviously there were some disagreements about how you would characterize the legislation.

On the other hand, when I listened to some of the steps that you thought Republicans would be open to, I thought, well, a bunch of these things are things that we'd like to do and, in fact, are in the legislative proposals.

So part of the goal here, I think, is to figure out what are the areas that we do agree on, what are the areas where we don't agree, and at the end of that process then make an honest assessment as to whether we can bridge these dif-

ferences. I don't know yet whether we can. My hope is that we can, and I'm going to be very eager to hear and explore how we might be able to do so.

So rather than start at the outset talking about legislative process and what's going to happen in the Senate and the House and this and that, what I'd suggest is let's talk about the substance, how we might help the American people deal with costs, coverage, insurance, these other issues. And we might surprise ourselves and find out that we agree more than we disagree. And that would then help to dictate how we move forward. It may turn out, on the other hand, there's just too big of a gulf, and then we'll have to figure out how we proceed from there. So that would be my proposal.

And what I'd like to do, then, is to start first with something I heard everybody agree on, every single speaker, and that was the issue of cost. It is absolutely true that if all we're doing is adding more people to a broken system, then costs will continue to skyrocket and eventually somebody is going to be bankrupt, whether it's the Federal Government, State governments, businesses, or individual families. So we have to

deal with costs, and I haven't heard anybody disagree with that.

Now, I've already indicated some statistics, but I just want to reemphasize these. More than a quarter of small businesses have reported a premium increase of 20 percent or more just last year—20 percent. As a consequence, a lot of small businesses have dropped coverage altogether. Fewer than half of businesses with fewer than 10 workers now offer coverage.

By one estimate, without health care reform, by the end of the decade, premiums for businesses would more than double in most States. And the total cost per employee is expected to rise to more than \$28,000. So you can imagine what that does to hiring, what that means for incomes, and you can imagine how many families are going to be unable to afford insurance.

As I mentioned earlier, I hear stories from people all the time about how these costs have very concrete impacts on their lives. I spoke to a family, the Links, from Nashville, Tennessee. They've always tried to do right by their workers with their family-run company, but they had to do the unthinkable and lay off employees because their health care costs were too high. I've talked to other businesspeople who say, we were going to hire, but we decided not to when we got our monthly premiums.

And so one of the goals that I set out very early on in this process was, how do we control costs? Now, what we have done, as I mentioned earlier, was to try to take an idea that is not just a Democratic idea but actually is a Republican idea, which is to set up exchanges. These are pools where people can come in and get the same purchasing power as Members of Congress do as part of the Federal employees' health care plan, as people who are lucky enough to work with big businesses can do because there are a lot of employees in those big businesses. What we've said is that if you join one of these exchanges, you will have choice and you'll have competition. You will have a menu of private insurance options that you'll be able to purchase, but because you're not purchasing it on your own, you're purchasing it as part of a big group, you're going to be able to get lower costs.

For folks who, even with those lower costs, still can't afford coverage, we provide some subsidies. But here's what I want to emphasize, is that even without the subsidies, it's estimated by the Congressional Budget Office that the plan we put forward would lower the costs in the individual market for the average person who's just trying to buy health insurance and they don't—they're not lucky enough to work for a big company, would lower their costs by between 14 and 20 percent.

So, Lamar, when you mentioned earlier that you said premiums go up, that's just not the case, according to the Congressional Budget Office.

Senator Lamar Alexander. Mr. President, if you're going to contradict me, I ought to have a chance to—the Congressional Budget Office report says that premiums will rise in the individual market as a result of the Senate bill.

The President. No, no, no, no—let me—and this is an example of where we've got to get our facts straight.

Sen. Alexander. That's my point.

The President. Well, exactly. So let me respond to what you just said, Lamar, because it's not factually accurate. Here's what the Congressional Budget Office says: The costs for families for the same type of coverage as they're currently receiving would go down 14 to 20 percent. What the Congressional Budget Office says is, is that because now they've got a better deal because policies are cheaper, they may choose to buy better coverage than they have right now, and that might be 10 to 13 percent more expensive than the bad insurance that they had previously. But they didn't say that the actual premiums would be going up. What they said was they'd be going down by 14 to 20 percent. And I promise you, I've gone through this very carefully with the Congressional Budget Office. And I'll be happy to present this to the press and whoever is listening, because this is an important issue.

Sen. Alexander. Well, may I—may I—

The President. Let me just finish, Lamar. Now, the—what we've done is we've tried to take every single cost containment idea that's out there. Every proposal that health care economists say will reduce health care costs,

we've tried to adopt in the various proposals. There are some additional ideas that Republicans have presented that we think are interesting and we also tried to include. So let me give you an example.

You mentioned the idea of buying across State lines, insurance. That's something that I've put in my proposal that's actually in the Senate proposal. I think that it shows some promise. You mentioned that as—that Mike Enzi has previously said that he's interested in small businesses being able to pool, in the equivalent of some sort of exchange. So that's where there's some overlap.

But I just think it's very important to understand that what we've done is to try to take every single cost containment idea that's out there and try to adopt it in this bill. What I'd like to do is to see if we can proceed and have a very concrete conversation about what are the ideas that you guys have that you don't think are in our bill to contain costs. And what I want to do is to see if maybe we can adopt some of those or refine what we've already done in order to further reduce costs.

Sen. Alexander. Mr. President, I've had my time—

The President. And what I'd like to do also is to make sure that you maybe suggest some of the ideas that are currently in the bill that you think are good, because, Lamar, in your opening introduction, what I saw was sort of a—the usual critique of why you thought it was bad. But as I said, we've adopted a lot of the ideas that we've heard from your side of the aisle. So I hope maybe you could say, "Well, those are the ones that we think are good ideas; here are the things that we think are bad ideas," as opposed to just painting in broad brush. Go ahead.

Sen. Alexander. Mr. President, let me show some respect for my colleagues here. They're all here eager to speak, all sure they could do a better job than I could on any of these points. And what I would like to do is get back directly to you with why I believe—with respect—you're wrong about the bill. Your bill would increase premiums, I believe; you say it wouldn't. So rather than argue with you in public about it, I'd like to put my facts down, give them to you. Maybe other colleagues will say

that. As far as Mike Enzi's proposal, he is ready to talk about it, others are.

The President. Good.

Sen. Alexander. So I appreciate the opportunity that Mitch and John gave me to talk. You've made some interesting points, and why not let other Members of Congress have a chance to talk.

The President. I think it's a great idea. I'd like to get this issue settled about whether premiums are reduced before we leave today, because I'm pretty certain I'm not wrong. And you give us the information. And we're going to be here all afternoon; I promise you we'll get this settled before the day is out. All right?

Mitch, who would you like to talk about cost?

Senator A. Mitchell McConnell. Yes, Mr. President, since some liberties have been taken here, let me just make a quick observation, then I'm going to call on Dr. Coburn to make our framing statement on the issue of cost containment.

One thing I think we need to be acutely aware of, ladies and gentlemen, we are here representing the American people. And Harry mentioned several polls. I think it is not irrelevant that the American people, if you average out all of the polls, are opposed to this bill by 55 to 37. And we know from a USA Today/Gallup Poll out this morning, they're opposed to using the reconciliation device—the short-circuit approach that Lamar referred to that would end up with only bipartisan opposition—by 52 to 39.

Now I'd like to call on Dr. Tom Coburn, who's been a practicing physician for many years, to address the cost containment issue.

Senator Thomas A. Coburn. Thank you.

The President. Tom.

Sen. Coburn. Well, Mr. President, thanks for having us do this. I think today is going to be enlightening. The first thing I would do is put out a caution to us, because what I see the Congress doing, and what I saw this last year, is us actually performing bad medicine. And that is that we get stuck in the idea of treating the symptom rather than treating the disease. And whether you go to Harvard or whether you go to Thomson Reuters, there are some facts we know about health care in America. And the facts we know is, one out of every three dollars

that gets spent doesn't help anybody get well and doesn't prevent anybody from getting sick.

[At this point, Sen. Coburn made brief remarks, concluding as follows.]

And my hope would be that we would look at where the money is, and if truly it's accurate—and I don't know many people that will disagree that one in three dollars doesn't help somebody get well and doesn't prevent—then we ought to be going for that one in three dollars. And we ought to do it not by creating a whole bunch of new Government programs, but by creating an incentive to reward people.

In your new bill, you have good fraud programs, but you lack the biggest thing to do. The biggest thing on fraud is to have undercover patients so that people know we're checking on whether or not this is a legitimate bill. And you don't know who's an undercover patient and who's not, and all of a sudden, you start changing your attitude of whether or not you're going to milk Medicare or you're going to milk Medicaid. So I—

Senator Harry M. Reid. Mr. President, if I could just say, I'm not an expert on much, but I am filibusters, and we've got 40 Members of Congress here.

The President. Tom, you made some powerful points. You want to just wrap up real quick?

Sen. Coburn. No, I'll just finish with that, is with one out of three dollars not helping everybody, we ought to go for where it is.

The President. Okay. Well, Tom, I appreciate what you said. I think we're going to have Steny Hoyer go next. I just want to make this quick point. Every good idea that we've heard about reducing fraud and abuse in the Medicare and Medicaid system, we've adopted in our legislation. So that's an example of where we agree. We want to eliminate fraud and abuse within the Government systems.

Let's recognize, though, that those savings in the Government systems, which will help taxpayers and allow us to do more, doesn't account for the rising costs in the private marketplace.

Now, the private marketplace—you mentioned the issue of medical malpractice and

frivolous lawsuits, and as you indicated, these are areas where Secretary Sebelius has already begun to try to give States some incentives to do that.

On the prevention side, there's a whole host of provisions inside the legislation that's been passed by the House and the Senate, and I think Steny will talk about it.

So we've identified some areas we agree on, and then the question just is, does that help the average family in the individual market who potentially can get cost? But, Steny, why don't you—

Sen. Coburn. Well, let me just respond to one thing. You get cost-shifted every penny that gets wasted on Medicare.

The President. Absolutely.

Sen. Coburn. And that gets cost-shifted to the private sector. So if, in fact, we're wasting it in the public sector—

The President. It would help.

Sen. Coburn. —we're shifting it to the private sector.

The President. You and I agree on this. Steny.

Representative Steny H. Hoyer. Mr. President, thank you very much. A quote I will use is, "We should have available and affordable health care to every American citizen, to every family." I suppose there are a whole lot of every Americans and American families listening to us today and watching us, and they're hoping that we're all sitting around here talking about them, not about us. That's the message they're sending to all of us, and they're absolutely correct. And we believe that we have been addressing them and trying to get some of these stories that all of us hear to a place where they won't be so tragic for individuals and for families.

[Rep. Hoyer made brief remarks, concluding as follows.]

But I think what the American public that's listening and watching expects us to do, Mr. President, is what you're doing, bringing us together, coming to agreement to make sure that we get to a place where we reach the objective that President Obama and candidate McCain

expressed as the objective on behalf of the American people.

Thank you, Mr. President.

The President. Before you go, Max, I just want to ask—whether it’s you, Tom, or anybody else on the Republican side, and maybe some of the House Members might be interested—Senator Coburn mentioned some cost containment issues where it sounds like we agree. Fraud and abuse, we agree. It sounds like you have maybe one other idea that you don’t think is in our proposal, but—the idea of undercover patients, but that’s something that I’d be very interested in exploring. I don’t think conceptually that would be a problem.

The issue of prevention, and that includes, by the way, things like how our kids are eating and getting exercise—and I’m proud of the First Lady for working to see what she can do on that front. And that’s—there are some provisions in the legislation that’s already been passed through the Senate and the House that directly relate to this that I think you’d be supportive of.

The issue of defensive medicine: As I indicated, Secretary Sebelius is working on this, but I think that there are things that we could do at the State level to help foster innovation and eliminate some of the concerns that you’ve got.

I would be interested in hearing from any of our Republican colleagues what objections they have to what we consider one of the biggest ways of driving down costs, and that’s what Steny just referred to, which is allowing individuals and small businesses who are currently trapped in a very expensive market—essentially, they’re having to be out there fending for themselves—to be able to buy into, essentially, a large group, to become part of a large group just like all of us as Government employees are part of a large group, so that they have more negotiating power with the insurance companies, which I think we all agree would drive down costs. If you’ve got some bigger purchasing power, insurance companies want more customers, they would drive down those costs.

I know some of you have agreed to this as a concept in the past. And so my question is, is there something in terms of the way the House and Senate bills have been structured that leads

you to be concerned or want to not move forward on that approach?

John.

Representative John A. Boehner. Well, Mr. President, I’d like to yield to Mr. Kline from Minnesota, who will talk about the small-business health plans in terms of how we would propose to do this.

Representative John Kline. Thank you, Leader. Thank you, Mr. President. I think that Senator Alexander framed our overall position very well when he said that we’re looking at thousands of pages of legislation, and we believe a better approach is to go step by step to address these issues of cost. Now, we certainly agree that you get better economies of scale if you can come together.

[*Rep. Kline made brief remarks, concluding as follows.*]

We all know stories like we’ve heard here of small businesses that are saying, I can no longer provide insurance for my employees. Small businesses have been asking for this for years. It’s not a new idea. They’ve been asking for it for years. And we think it’s a far better way to get these economies of scale than the exchange thing that’s in the huge bill, that this will actually allow businesses to be able to lower their cost exactly the same way that large businesses do.

The President. Okay. Max is going to go, and then I’ll go to you, Rob.

Max, do you want to address this issue of how we can allow people to buy into the large groups, how the Senate bill accomplishes it, and I don’t know if you want to remark on what John just said.

Senator Max S. Baucus. Sure. Yes, absolutely. I’d, though, first like to say something that just strikes me just in spades. Frankly, we all have studied this issue a lot—health care reform. We basically know what the problems are, all of us. We basically know that the current system is unsustainable. We are actually quite close. There’s not a lot of difference—close in the sense that, without being corny or dramatic about this, if the American people want us to do something that’s just basically reasonable, it doesn’t have to be one Congressman, one Senator’s provision, but basically reasonable—it’s—we

are on the verge and the cusp, with not too much effort, to try to bridge a lot of gaps here, because the gaps, in my judgment, are not that great.

[*Sen. Baucus made brief remarks, concluding as follows.*]

And I think that once we keep pushing on those areas that we're close, it's going to make a difference. The exchanges, as you mentioned, Mr. President, it's a Republican idea. It works. What I like about exchanges—it's like Orbitz, it's like Expedia. You go to Orbitz or Expedia to buy a airline ticket; you compare it to get the best price. That's basically what this is. It's an exchange. You go to the exchange and shop around, and you get your best price. That's going to help, in my judgment.

I also think that we should—where hospitals should publish the cost of their basic procedures, what's an appendectomy or a colonoscopy or whatnot, to enable consumers to shop around, where's the best price. We all know that there's a wide disparity in what hospitals charge for the same procedures. Let's—I think the disinfectant of sunshine helps; it helps consumers, it helps our people.

And fraud and waste, we talked about that. We have major provisions in our bill to reduce fraud and waste. Mr. President, I compliment you because in your proposal, you go even farther.

The President. Well, we took some additional ideas from folks like Congressman Roskam.

Sen. Baucus. They're great ideas. And we addressed unnecessary readmission rates from hospitals, et cetera. The main point is, we basically agree. There's not a lot of difference here. And I'd just like us to kind of just—there's opportunity for us to work out some of these differences.

The President. Mitch, is there somebody—

Sen. McConnell. Yes, Mr. President. I'm going to yield to John here.

The President. John.

Rep. Boehner. I'd like to yield to Dave Camp to continue this conversation about cost containment.

The President. Dave.

Representative David L. Camp. Thank you, Leader Boehner, and thank you, Mr. President, for the invitation today. I think as we focus this part of the conversation on cost, a lot of Americans say to me, if you're really interested in controlling costs, well, maybe you shouldn't be spending a trillion dollars on health care as the Senate and House bills do. Also, cutting Medicare benefits by a half a trillion dollars to fund this new entitlement is, I think, a step in the wrong direction, and many Americans do as well.

[*Rep. Camp made brief remarks, concluding as follows.*]

Now, holding down health care costs for the Government is important, but I think it's also important to hold down costs for families and employees.

The President. Dave, I don't mean to interrupt, but the—we're going to have the whole section talking about deficits, and we can talk about the changes in Medicare. We were trying to focus on costs related to lowering families'. And the only concern I've got is, look, if every speaker, at least on one side, is going through every provision and saying what they don't like, it's going to be hard for us to see if we can arrive at some agreements on things that we all agree on.

So I don't want to try to cut you off. Please finish up—

Rep. Camp. Well, I'm almost done.

The President. —but I just want to kind of point out that—

Rep. Camp. I'm almost done. I do want to say on this issue on premiums, CBO, in their letter, on page four, does say that the estimated average premium per person for nongroup policies would increase by 10 to 13 percent.

The President. This is the discussion that I just had to—about Lamar. And—

Rep. Camp. Yes, they do say that. And they do say that the value of the benefit is higher, and that is why it goes up.

The President. Right.

Rep. Camp. But the reason the value of the benefit is higher is because of the mandates contained in the legislation. And this is one of

our big concerns with a lot of the issues that have been raised. Yes, we have similarities. But when all of this is structured around a Government-centered exchange that sets the standard for these policies, States can't get out of these requirements unless they seek a waiver from the Secretary. That kind of approach raises costs. And so both of your comments were correct that costs do go up and it's because they have a richer benefit, but the reason it's richer is because of the mandates contained in these very large bills.

The President. Okay, I'm going to let—Rob, feel free to respond to anything that Dave indicated or to any of the other issues that have been discussed.

Representative Robert E. Andrews. Thank you, Mr. President. I want to thank my friend Tom Coburn and John Kline for the spirit of conversation which they offered and try to carry that forward a little bit. The President asked at the beginning of this, what ideas do we share about cutting costs? And, Tom, I think you had some very good ones: fraud—that the President has a proposal that says we should have a database, if you've committed fraud against Medicare once, you can't make a contract again; wellness—there's a lot of good ideas in the bills; junk lawsuits—I think that there's—what Secretary Sebelius is doing is very important in curtailing that.

And then the President asked the question about whether we can find agreement on pooling the purchasing power of small businesses and individuals so they can get the same deal that big companies and Members of Congress get. And my friend John Kline talked about the association health plan proposal. Respectfully, John, I think that what you're talking about with association health plans and what we're talking about with exchanges is a semantic difference. It's a matter of pooling the purchasing power of small businesses and individuals to get a better deal.

[*Rep. Andrews made brief remarks, concluding as follows.*]

We think, John, that there shouldn't be necessarily 51 different rules for each State, but

there ought to be some minimum Federal standards in these exchange to protect people in cases like that.

So I think the issue is, if we could find a way to agree, that in a case like this where a lady has a baby by C-section and has the ability to not have the insurance company get between her and her doctor, so the doctor makes the decision about when they go home, we could figure this out. And if you—do you—how do you feel about that?

Rep. Kline. Mr. President, if I could just respond to that, my friend knows very well that there are large companies today who operate under what I'm proposing for association health plans. They get a waiver, they don't have to comply with the individual mandates of all 50 States, and I don't hear people complaining about the insurance policies that they're getting from their big companies. In fact—

Rep. Andrews. Well, we do.

Rep. Kline. —now, many of those now would fall into what we've been calling Cadillac plans, because they provide very excellent service. So I think that, frankly, is a red herring, and I think that we can—that you're not going to have adequate coverage if you have association health plan that's working under the same rules of a large company.

Rep. Andrews. But, John, would you favor a standard that says they have to do something like that, or would you just leave it up to the insurance company?

Rep. Kline. I would say that we put the association health plans in exactly the same position that large companies are today with exactly the same rules under—[*inaudible*].

Rep. Andrews. See, we don't—I mean, with all respect, we don't agree with that. We don't agree with the idea that the insurance company should get to make that kind of decision about whether the lady goes home Thursday or Sunday. Now, I don't think that's intrusive; I think that makes common sense. But if we could find a way to bridge that gap—and I think we could—then I think the AHPs that you support aren't all that different than the exchanges that we do, and I would think that would be a common ground.

The President. Good. This has been a useful conversation. I—Paul Ryan wants to make a comment but I—

Sen. McConnell. Mr. President, could I just interject one quick point here, very quick, just in terms of trying to keep everything fair, which I know you want to do. To this point, the Republicans have used 24 minutes, the Democrats 52 minutes. Let's try to have as much balance as we can.

Representative Paul D. Ryan. I think the Republican leaders are controlling the time for the Republicans, if I'm not mistaken. Is that right?

The President. I don't think that's quite right, but I'm just going back and forth here, Mitch. I think we're just trying to go back and forth, but that's okay.

Paul, I was about to call on you, if that's all right? Go ahead.

Rep. Ryan. All right. Rob, here's basically what we're looking at. The difference is this: We don't think all the answers lie in Washington regulating all of this. So the problem with the approach we're seeing that you're offering, which I do believe, Senator, is very different than what we're saying, is we don't want to have—sit in Washington and mandate all of these things. So what you're doing is you're defining exactly what kind of health insurance people can have. You're mandating them to buy this kind of health insurance.

And so we simply say, look, if the National Restaurant Association or the National Federation of Independent Business, on behalf of their members, wants to set up an association health plan, we think they'll probably do a good job on behalf of their members. Let them decide to do that instead of restricting insurance competition by federalizing the regulation of insurance. And by mandating exactly how it will work, you make it more expensive and you reduce the competition among insurers for people's business. We want to decentralize the system, give more power to small businesses, more power to individuals, and make insurers compete more. But if you federalize it and standardize it and mandate it, you do not achieve that. And that's the big difference we have.

Rep. Camp. Paul, would you yield? Mr. President, can I ask him to yield?

The President. We're not in a formal hearing here—[laughter]—so the—go ahead.

Rep. Camp. Paul, I read your—[inaudible]—and I thought one of the things that you said is that there should be some minimum consumer protections in the exchanges that you've proposed. Did I get that wrong?

Rep. Ryan. And there are in every State. And so what we're simply saying is, look, lots of us have offered lots of different ideas. We've got dozens of Republican ideas offered in the House in bills, in the Senate, and many of us look at the point of the fact that the States—do we distrust our Governors? Do we distrust our State legislatures? Do we distrust all the State insurance—okay, some of you may do that. [Laughter]

Rep. Camp. Depends on who it is, Paul.

Rep. Ryan. But should we regulate all this? Should 40 people in Washington decide exactly how this works and what you can and cannot buy?

The President. Paul—

Rep. Ryan. Well, so it's just a difference in philosophy—[inaudible].

The President. No, no, no, look—

Rep. Camp. It is. We think—[inaudible]—there should be protected.

The President. This is an important point. We've got a couple of other people who want to speak. We've gone about 55 minutes on this section. We're running over because we went long on the opening statements. And you're right, there was an imbalance on the opening statements because I'm the President, and so I made—[laughter]—I didn't count my time in terms of dividing it evenly. In this section, Mitch, we've gone back and forth pretty well.

Sen. Reid. Senator Schumer for the Senate—

The President. I know Senator Schumer wants to speak, and I know that Jim Clyburn wants to say something very quickly, and you guys may want to—

Sen. McConnell. And Jon Kyl would like to as well.

The President. —and Jon. What I want to do, though, is just focus in on this philosophi-

cal debate. This is a legitimate debate. And it actually speaks to the point that Congressman Camp was making earlier about what's happening in the exchanges.

When I was young, just got out of college, I had to buy auto insurance. I had a beat-up old car. And I won't name the name of the insurance company, but there was a company—let's call it "Acme Insurance" in Illinois. And I was paying my premiums every month. After about 6 months, I got rear-ended, and I called up "Acme" and said, "I'd like to see if I can get my car repaired," and they laughed at me over the phone because really this was set up not to actually provide insurance. What it was set up was to meet the legal requirements, but it really wasn't serious insurance.

Now, it's one thing if you've got an old beat-up car that you can't get fixed. It's another thing if your kid is sick or you've got breast cancer.

So the general idea has been here that we should set up some minimum standards within the exchange, that a plan that people are buying into, whether it's a small business or an individual, should be at least solid enough that if your kid got sick, they're actually going to be treated; that if something happened, that you weren't left with a huge bunch of out-of-pocket costs. It is true that you can always get cheaper insurance if it has really high deductibles or really high copayments or doesn't cover as many things. And so there has to be a balance that's struck there.

I just want to point out, though, that the principle of pooling is at the center of both the Senate and the House bill. And the reason I'm pointing this out is because there was a lot of talk about Government takeover of health care, and the implication, I think, was that everybody was going to have to sign up for a Government health care plan. Now, that's not the issue. What—the issue here, which we've had an honest disagreement about, is how much should Government set a baseline versus just letting people decide that, I can't really get decent insurance, but maybe this is better than nothing.

And that's a legitimate argument. I don't disagree with that. But I just wanted to point out that when we start talking about how much Government involvement we're talking—is at

issue here, it's not because the House or the Senate bills are a Government takeover of health care; it is that the House and the Senate bills put in place some regulations that restrict how insurance companies operate, and if there's an exchange or a pool that's set up, that there's a baseline, sort of minimum requirements that were expected. And I understand that there may be some philosophical differences on the other side of the aisle about that issue.

I'm—Chuck, go ahead.

Senator Charles E. Schumer. Thank you, Mr. President. And I thank you. I think this has been a constructive dialogue.

I was glad to hear my friend Tom Coburn's remarks. I think we agree with most of them, and particularly the point that about a third of all of the spending that's done in Medicare, Medicaid—I would imagine a lot of it is in the private sector as well—doesn't go to really good health care; it goes to other things.

[*Sen. Schumer made brief remarks, concluding as follows.*]

And when I hear my friend Dave Camp say, "You cannot cut money out of Medicare," well, we don't want to cut the good stuff that you point out or not—or then add the prevention. But if we're going to—if one-third—if what Senator Coburn says, that one-third of Medicare doesn't go to patient care, you can't just get up there and say, "We don't want to cut anything out of Medicare." We want to cut the bad stuff and keep the good stuff.

And I think that's where we can find common ground on some of the things you've mentioned, some of the things that are in our bill. And I hope, at least in this area, we can move forward that way, because frankly, the Republican Party has always stood for getting rid of the waste, fraud, and abuse in the system. In '97, it was the centerpiece of your program, and all of a sudden, this year we're hearing, don't do any of that. That's something that I think we can come together on. I thank you.

The President. Okay—

Sen. McConnell. Mr. President, can we turn to Jon Kyl. I'm sorry—

The President. Sure. I'm sorry; you had Jon. We're going to go to Jon, and then we're going

to go to Jim Clyburn. And then I think we're going to take a break, because we've run out of time.

So, Jon.

Senator Jon L. Kyl. Thank you, Mr. President. I think you framed the issue very well just a moment ago, because there are some fundamental differences between us here that we cannot paper over. And, Mr. President, when you said that this is a philosophical debate and it's a legitimate debate, I agree with that. We do not agree about the fundamental question of who should be mostly in charge. And you identified this question as central: Do you trust the States, or do you trust Washington? Do you trust patients and doctors making the decision, or do you trust Washington?

[*Sen. Kyl made brief remarks, concluding as follows.*]

That's why Republicans would rather start not by having to raise a lot of money in order to pay the high cost of this bill, but to start a piece at a time, directing solutions to specific problems. That way you don't incur all of the costs up front, which require you to raise the taxes.

The last quick point: One of the worst things about this is, for people that have catastrophic medical expenses today, after you've spent 7.5 percent of your adjusted gross income, you can deduct that. This bill would raise that to 10 percent. Who does that hurt? The very people you promised, Mr. President, that you wouldn't allow taxes to be raised on—average age, 45; average income, \$69,000. These are not wealthy people. It's just another example of why because the bill has to raise so much money, it ends up hurting the very people that we want to help.

The President. Okay, Jon. I'm going to go to you, Jim, but I—since, as has tended to happen here, we end up talking about criticisms of the existing bill, as opposed to where we might find agreement, I feel obliged just to go through a couple of the points that you raised.

Just to go back to the original argument that Lamar and I had and we've now chased around for quite some time. Look, if I'm a self-employed person who right now can't get cov-

erage or can only buy the equivalent of "Acme Insurance" that I had for my car so—I have some sort of high-deductible plan. It's basically not health insurance; it's house insurance. I'm going to—I'm buying that to protect me from some catastrophic situation; otherwise, I'm just paying out of pocket. I don't go to the doctor. I don't get preventive care. There are a whole bunch of things I just do without. But if I get hit by a truck, maybe I don't go bankrupt. All right, so that's what I'm purchasing right now.

What the Congressional Budget Office is saying is, is that if I now have the opportunity to actually buy a decent package inside the exchange that costs me about 10 to 13 percent more, but is actually real insurance, then there are going to be a bunch of people who take advantage of that. So yes, I'm paying 10 to 13 percent more, because instead of buying an apple, I'm getting an orange. They're two different things.

Now, you can still—you still have an option of—no, no, let me finish. The way that this bill is structured uses a high-cost pool, a catastrophic pool, for people who can't afford to buy that better insurance, but overall, for a basic package—which, by the way, is a lot less generous than we give ourselves in Congress. So I'm amused when people say, let people have this not-so-good plan, let them have a high-deductible. But there would be a riot in Congress if we suddenly said let's have Congress have a high-deductible plan, because we all think it's pretty important to provide coverage for our families. And the Federal health insurance program has a minimum benefit that all of us take advantage of, and I haven't seen any Republicans or Democrats in Congress suddenly say, "You know what? We should have more choices and not have to have this minimum benefit."

So what we're basically saying is we're going to do the same thing for these other folks that we do for ourselves, on the taxpayers' dime, by the way.

Now, there is a legitimate philosophical difference around that, but I think it's just very important for us to remember that saying there's a baseline of coverage that people

should be able to get if they're participating in this big pool is not some radical idea. And it's an idea that a lot of States—we were talking earlier about what States do—a lot of States already do it.

This, by the way, goes to the other difference that we have when it comes to interstate purchase of insurance. Actually, this is a Republican idea, been championed by the Republicans. We actually agree with the idea that maybe if you get more regional markets and national markets, as opposed to just State-by-State markets, you might get more choice and competition. People would be able to say, "Gosh, there's a great insurance company in Nevada, and I live in New York, and maybe I can purchase it." That's actually something that we find attractive. So do you guys.

But again, the one difference, as I understand it, and the reason you're not supporting the approach that we take, is what we say is there should be sort of a minimum baseline benefit, because if not, what ends up happening is you get a company set up in Nevada—let's assume there were no rules there, there are no protections for the woman who's got breast cancer; they go into New York, they offer pretty cheap insurance to everybody who's healthy; they don't offer the same insurance to people who aren't so healthy or have preexisting conditions. They drain from New York all the healthy people who are getting cheaper rates, but now suddenly everybody left in New York who doesn't qualify for that cheaper plan is in a pool that's sicker, older, and their premiums go up.

So what we've said is, well, if we can set a baseline, then you can have interstate competition. But it's not a race to the bottom; rather, everybody has got some basic care.

Now, these are legitimate arguments to have. But I just want to point out that this issue of Government regulation and—which we're going to also be talking about with respect to insurance—is very different than the way this has been framed during the course of the debate over the last year, which is, Government takeover of insurance. This is not a Government takeover of insurance. What it is, is saying, let's set up some baselines and then use market

principles, the private sector, and pooling in order to make sure that people get a better deal.

So, Jim, and then what we're going to do is we're just going to move on to the next topic. But anybody who wants to pick up on what we've just talked about obviously can return to that as well.

Representative James E. Clyburn. All right. Thank you very much, Mr. President. And, Mr. President, leaders, and Members of the Congress, there are two cost containment issues that I think have not been sufficiently vetted here today.

[Rep. Clyburn made brief remarks, concluding as follows.]

Now, I think that no matter what kind of plan we develop, there will be many people left uncovered, and we need a safety net for those people. I believe that the one way to provide that safety net and to take care of all of those people who may be uncovered and those people who have \$2,000 deductibles with primary care is for a significant expansion of community health centers. And we have not spoken about that here today, but I know that your proposal, Mr. President, I know that both the House and Senate plans have that in them. And I do believe that that is very, very important. We have more than a 40-year experience with these health care centers, and I do believe that no matter what we do, there ought to be a significant expansion of those health care centers.

[Rep. Clyburn made further remarks, concluding as follows.]

And finally, Mr. President, this morning I was doing one of these call-in shows on C-SPAN. A gentleman called in, and he was very, very emotional. He said to me that he was getting ready to have transplant surgery, but he was told by the hospital that because he's on Medicare, that his postoperative treatment was going to be limited to 3 years. After that, he would have to find some way to pay. This man was very emotional today.

What we're doing here fixes that, and I do believe that we ought to really be honest with the American people when we talk about what

we are doing with Medicare. We are trying to make sure that Medicare is there for that man and so many others who will find themselves in his position. With that, I yield back, Mr. President.

The President. Okay. I think this has actually been a very useful conversation. What I'm going to do is move on to the next topic, but maybe after we break for lunch and come back, I want to go through some areas where we decided we agreed, and I know that Medicare abuse is a good example—some areas where we still disagree.

One thing, Jon, you shook your head when I said that people would be able to choose the better plan, because the notion was, well, people are mandated. Actually, any insurance that you currently have would be grandfathered in so you could keep. And so you could decide not to get in the exchange, the better plan. I could keep my "Acme Insurance," just a high-deductible catastrophic plan; I would not be required to get the better one. If I chose to get the better one, it would be 14 to 20 percent cheaper than if I were going into the individual market. I just wanted to clarify that issue.

Sen. Kyl. Well, Mr. President, if I could clarify, that's for a very limited period of time, number one. Secondly, the incentives are set up so that employers would drop you from their coverage because it's cheaper for them to pay the fine than to continue to pay the insurance, so they wouldn't be able to keep what they have. And third, there are still mandates in the legislation as to what you can do with what you have such that it doesn't end up being the same coverage.

So with all due respect, I disagree. And it's just a fundamental disagreement between us. Does Washington know best about the coverage people should have, or should people have that choice themselves? Pay a little less, get a little less coverage, or pay a little more and get more coverage.

The President. Can I just say that, at this point, any time that a question is phrased as, "Does Washington know better," I think we're kind of tipping the scales a little bit there since we all know that everybody is angry at Washington right now. I think the—so it's a good

way of framing—it's a good talking point, but it doesn't actually answer the underlying question, which is, do we want to make sure that people have a baseline of protection? And this topic of the insurance market reforms, I think, is a good additional example of what may be philosophical differences, but what we may have in common.

Rather than go through the problem, because I think everybody understands out there the issue of people with preexisting conditions not being able to get insurance, people coming up with—bumping up against lifetime caps and suddenly thinking, as a family I met in Colorado, they thought their child was covered, suddenly they hit the lifetime cap, and they started having to scramble to figure out how they'd pay the additional costs. We all are familiar with these examples.

I just want to go through areas where I think we agree on insurance reforms, or at least some Republicans and some Democrats agree. I think that we agree on the notion that you can't just drop somebody if they've already purchased coverage; looking at your bill, Jon, the idea that you ban rescissions. We agree on the idea of extending dependent coverage to a certain age. Some people say up to 25, some people say up to 26, but we basically agree on that concept. We agree on no annual or lifetime limits. We agree philosophically that we want to end the prohibition on preexisting conditions. I think the thing we're going to have to talk about is, how do you actually accomplish that? There may be a disagreement as to whether you can do that without making sure that everybody is covered, but that's something that we can talk about.

In addition, though, there are some other insurance reforms that have been proposed by the House and Senate in their legislation that I think we should explore. And maybe we can narrow the gaps there and come up with some—even a longer list of areas that we agree on.

So what I'd do is, since I want to make sure that Mitch doesn't give me a time clock tally again, let me first go to Mitch, and I don't know who wants to make the presentation with respect to insurance reform.

NOTE: The President spoke at 10:53 a.m. in the Garden Room at the Blair House. A portion of these remarks could not be verified because the audio was incomplete.

Remarks in a Discussion on Insurance Reform at a Bipartisan Meeting on Health Care Reform February 25, 2010

Representative John A. Boehner. Mr. President, I'd like to yield to Dr. Boustany to continue this conversation about insurance reform.

Representative Charles W. Boustany. Thank you, Leader Boehner, and thank you, Mr. President. I come at this as a physician, a cardiovascular surgeon with over 20 years of practice doing open-heart surgery, dealing with patients who have come to me with very challenging cases at very difficult times in their lives. And along with my colleagues, Dr. Coburn and Dr. Barrasso, we bring a wealth of experience in dealing with insurance companies and all these everyday problems that so many American families face. We all agree—we all agree that we need insurance reform. There's no question about it. The question is, how do we do it?

[At this point, Rep. Boustany made brief remarks, concluding as follows.]

So again, I think it's clear that the American people have rejected the bills that have gone through so far because they see increases in premiums for families, they see that it raises taxes significantly on families and raids Medicare to create a new entitlement. This doesn't really bring down the cost; this is really not the answer.

What American families want is a common step—a commonsense, step-by-step approach that will really lower the costs for families and small businesses.

The President. All right.

Rep. Boustany. I believe we have a duty to reform health care, but we have an obligation to get it right.

The President. Okay.

Rep. Boustany. Thank you.

The President. Thanks, Charles. We're going to go to George Miller—and if you want to re-

spond to some specific things that Charles raised or make some more general points. We'll then go back to a Republican. At some point in this discussion—and we're going to have to be a little more disciplined in our time in order to stay on schedule on this section—at some point, I'd like Secretary Sebelius, who is not only a former Governor, but also an insurance commissioner, to address some of the issues that have been coming up around insurance and minimum payment.

Senator Max S. Baucus. Mr. President, I don't know if any one of us were told of what the time limits are.

The President. Well, I'm trying to be flexible, but—

Sen. Baucus. I know; I'm just curious if you've got a certain amount of time in mind.

The President. We've got about half an hour remaining for this section. So if people can keep their points brief.

Sen. Baucus. Thank you.

Senator Harry M. Reid. Mr. President, from the Senate we have Senator Harkin and Rockefeller to respond for the Democrats.

The President. Right. And I've got a list. George.

Representative George Miller. Well, thank you very much. This issue of insurance reform is, I think, where most families intersect with their insurance companies, with the health security of their families. And let's start out with our commonalities in the bill that Congressman Boehner—Leader Boehner offered on the floor. He agreed that lifetime caps should be abolished, that annual caps should be abolished, that young people should be able to stay on their parent's plan—I think it was 25, I think, and your suggestion, Mr. President, it's 26. So there's that kind of commonality there.